

Message Text

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16

ACTION AGR-08

INFO OCT-01 EA-06 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-01 OMB-01 L-02 PRS-01 /043 W

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R 070803Z JAN 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 7752

C O N F I D E N T I A L SEOUL 0060

DEPT PASS INFO USDA/FAS/W DUDLEY WILLIAMS

E.O. 11652: GDS

TAGS: EAGR ETRD KS

SUBJECT: OVERDUE COTTON CONTRACTS

REF: A STATE 001340 B 001341

SUMMARY: KOREAN SPINNERS HAVE USED \$13.1 MILLION AGAINST THE \$45.9 MILLION KFX USANCE CREDITS REFERRED TO IN REF B. SWAK BOARD OF DIRECTORS INDICATES THEIR INTENTION USE ALL OF \$45.9 MILLION KFX CREDIT IN JAN AND WILL BEGIN USE OF 2ND \$50 MILLION CCC CREDIT IMMEDIATELY THEREAFTER. SWAK EXPECTS COTTON CONTRACTS THROUGH FIRST HALF 1975 TO RUN THREE TO FOUR MONTHS BEHIND SCHEDULE ON THE AVERAGE.

1. ACCORDING TO SWAK, DURING THE MONTH OF DEC., L/C'S WERE OPENED FOR 117,589 BALES OF WHICH AN ESTIMATED 46,000 BALES VALUED AT \$13.1 MILLION WERE FINANCED FROM THE \$45.9 MILLION KFX CREDITS NOTED IN REF B AND THE BALANCE WAS FINANCED FROM FIRST \$50 MILLION CCC CREDIT. ON DEC 31, CONTRACTS FOR 176,000 BALES REMAINED OVERDUE. SWAK HAS SOUGHT AND RECEIVED AN EXTENSION OF TIME UNTIL JAN 31, 1975 DURING WHICH REMAINDER OF \$45.9 MILLION KFX USANCE MAY BE UTILIZED.

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2. SWAK BOARD OF DIRECTORS, COMPRISED OF MAJOR SPINNERS, HAS DECIDED TO USE FULL \$45.9 MILLION KFX CREDIT LINE BEFORE USING THE 2ND \$50 MILLION CCC CREDIT. SWAK INTENDS COMMENCE USE OF 2ND \$50 MILLION CCC CREDIT IN EARLY FEB OR SOONER IF THE \$45.9 MILLION IS USED PRIOR TO FEB.

3. REMAINING \$32.8 MILLION FROM \$45.9 MILLION KFX CREDIT LINE WOULD FINANCE APPROX 114,000 BLAES AND 2ND \$50 MILLION CCC CREDIT LINE WOULD COVER APPROX 175,000 BALES. EMBASSY ESTIMATES IF ENTIRE \$45.9 MILLION KFX AND 2ND \$50 MILLION CCC CREDIT LINES WERE USED BY JAN 31, 111,000 BALES OF COTTON WOULD STILL BE OVERDUE FOR PAYMENT BY JAN 31. AN ADDITIONAL \$90-100 MILLION WOULD BE REQUIRED TO COVER COTTON CONTRACTS THRU JUN 30.

4. SWAK PRESIDENT BAE STATED SPINNERS INTEND HONOR ALL CONTRACTS, BUT HE BELIEVES ON THE AVERAGE, CONTRACTS THRU THE FIRST HALF OF 1975 WILL RUN THREE TO FOUR MONTHS BEHIND SCHEDULE.
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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 07 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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